

**CAPITAL FINANCING PROGRAM
(CFP)**

Loan Application Package

North Dakota Municipal Bond Bank

Bismarck, North Dakota

North Dakota Municipal Bond Bank Capital Financing Program

Explanation of Application Review and Approval Process

This is the Bond Bank's application for financing through the Capital Financing Program (the "CFP"). Some of the requested information may not be relevant with respect to your political subdivision and you may either leave those areas blank or mark them "NA."

Upon receipt of a complete application and if we have not already done so, the Bond Bank will prepare and send you a preliminary amortization schedule which will set out the amount of principal and interest payments you will be making over the term of the loan. The interest rates will be based upon current market rates and will be subject to change. The application will then be subject to an initial credit review by the Bond Bank and will also be reviewed by Evensen Dodge, Inc., the Bond Bank's financial advisor, who will provide the Bond Bank with a market analysis.

Following these reviews, the application and the analysis will be submitted to the Bond Bank's Advisory Committee for a recommendation to be made to the Industrial Commission. They must give approval for all Bond Bank loans.

If the Industrial Commission approves your loan request, the Bond Bank will work with you and your bond counsel in the preparation of the loan documents. The Bond Bank will also schedule and prepare to issue a series of CFP Bonds, the proceeds of which will be used to make the loan by purchasing your municipal securities. The final interest rates on the municipal securities will be set when the CFP Bonds are sold. A final amortization schedule will be prepared following the sale of the CFP Bonds when the loan closing date is set.

The costs to you for the financing will include, in addition to interest and principal payments, an administrative fee, which will not exceed the lesser of .5% of the principal amount of the loan or \$7,000; an administrative fee of 1% of the loan amount, which represents a fee paid by the Bond Bank to the Bank of North Dakota for a letter of credit in the amount required for the Bond Bank's reserve fund; bond counsel fees; and any other fees or expenses you may incur. The underwriter's discount with respect to the CFP Bonds, which will not exceed 1.5% of the loan amount, and the administrative fees will be deducted from the loan proceeds.

Please take these fees and costs into account when you calculate the requested loan amount.

You will be responsible for retaining bond counsel to represent you in this transaction and for negotiating the fees for that service. If you have not worked with an attorney as bond counsel, here is a list of the in-state firms who are recognized bond counsel:

Arntson & Stewart
51 Broadway, Suite 603
PO Box 789
Fargo, ND 58102
701-280-0195

Ohnstad Twichell
901 13th Avenue East
PO Box 458
West Fargo, ND 58078-0458
701-282-3249

Cook Wegner & Wike PLLP
Kirkwood Office Tower
919 S 7th St., Suite 207
Bismarck, ND 58504
701-255-1008

Steven L. Vogelpohl
Wells Fargo Bank Building
400 East Broadway, Suite 501
PO Box 2399
Bismarck, ND 58502-2399
701-258-9847

Dorsey & Whitney
Dakota Center
51 North Broadway, Suite 201
Fargo, ND 58107-1344
701-235-9969

You should retain the services of bond counsel as soon as possible. It is important that you do this because the municipal securities you will deliver to the Bond Bank for your loan must be validly issued and must be legally enforceable, binding obligations. Your bond counsel will assist you and your local counsel with respect to necessary action to be taken by your governing body concerning the authorization and issuance of the municipal securities and in answering any questions you may have concerning the loan.

Please call us if you have any questions or need any additional information concerning the application or the review process.

**CAPITAL FINANCING PROGRAM
LOAN APPLICATION**

**NORTH DAKOTA MUNICIPAL BOND BANK
700 EAST MAIN AVENUE
PO BOX 5509
BISMARCK, ND 58506-5509
PHONE: 800-526-3509
(701) 328-7100
FAX: (701) 328-7130
E-MAIL: ndmbb@state.nd.us
WEBSITE: www.state.nd.us/bondbank**

Political Subdivision: _____

Date: ____/____/____

Upon receipt and review of this application, the Bond Bank may request additional information or an explanation or clarification of the information provided before the application is determined to be complete.

All information provided in this program application is certified by the public official whose name appears below to be true and correct as of the date of application given above.

Contact Person for Political Subdivision: _____

Title: _____

Address: _____

_____ ND _____

Telephone Number: _____ - _____

Fax: _____ - _____

Email: _____

April 2001

A. GENERAL

1. Name of Political Subdivision: _____
2. Mailing Address (street address): _____

3. Tax Identification Number: _____
4. Type of Governing Body: _____
5. Political Subdivision's Auditor (or officer): _____
Telephone #: _____ Fax #: _____
Email Address: _____
6. Political Subdivision's Bond Counsel: _____
7. Political Subdivision's Engineering Firm: _____
Contact Person: _____
Telephone Number: _____
8. Do you have a Capital Improvement Plan?
Yes ___ No ___ (If yes, please include a copy(s) with the completed application)
9. The following information must be submitted with this loan application (requested information which appears in the financial statements may be included by reference):
 - a. The three most recent annual audited financial statements.
 - b. The most recent year-end and month-end combined balance sheets for all fund types and account groups.
 - c. The most recent year-end and month-end combined statements of revenues and expenses for all enterprise funds.
 - d. The current year's operating budget for the fund in which the project will be held as an asset, and the proposed operating budget for the first year of the loan repayment term (and any other years for which a proposed budget has been prepared).
 - e. The feasibility/engineering study for the proposed project.

B. PROJECT INFORMATION

1. Description of project to be financed with the loan proceeds (You may reference the appropriate pages in the feasibility/engineering study enclosed pursuant to paragraph A.9):

2. Amount of loan request: \$_____

3. Total project costs, including the requested loan amount and funds from all other sources:
\$_____

4. Other funding sources:

<u>Sources</u>	<u>Amount of funding</u>

5. Please indicate the dates on which construction of the project is scheduled to commence and be completed:

Construction will begin _____

Construction will be completed _____

6. If the purpose of the requested financing is to refinance an outstanding obligation, please provide the following information and attach a copy of the debt service schedule for the obligation to be refinanced.

a. Original dollar amount of the obligation to be refinanced: _____

b. Dated date of the obligation to be refinanced: _____

7. Have you examined other financing alternatives such as available government programs, the private placement of the indebtedness or the direct public sale of your indebtedness?
Yes _____ No _____ If yes, please list the alternatives you have considered and why they were rejected or are still under consideration. (You may attach a copy of any written financing proposals received by the political subdivision or a brief description of the alternatives considered.)

C. FUNDING INFORMATION

1. Please describe the source of funds for the repayment of principal and interest on the proposed financing (i.e., general obligation tax levy, special assessments, user fees):

2. If the proposed financing will be evidenced by revenue bonds, please attach your own worksheet or complete the following worksheet concerning existing rates, necessary rate increases, and estimated/projected revenues with respect to the utility system or fund related to the proposed project. Rates and fees must provide annual net revenues equal to 120% of the average annual principal and interest requirements for repayment of the loan. Further, a reserve fund must be established in the amount which qualifies as a reasonably required reserve fund under federal tax laws and regulations. The reserve fund must be fully-funded no later than five years after the loan has been fully-funded or as otherwise agreed.

Rate history and projections:

	<u>Prior Year 2</u>	<u>Prior Year 1</u>	<u>Current Year</u>	<u>Projected Year 1</u>	<u>Projected Year 2</u>
Service connections:	_____	_____	_____	_____	_____
Base rate:	_____	_____	_____	_____	_____
Total revenues:	_____	_____	_____	_____	_____
Total expenses:	_____	_____	_____	_____	_____
Revenue per connection:	_____	_____	_____	_____	_____

3. Please list all outstanding obligations payable from the system or fund related to the proposed project (if applicable):

<u>Date of Issued</u>	<u>Original Amount of Issued</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Principal Outstanding as of Date of Application</u>	<u>Total Debt Service Due this Fiscal Year</u>
---------------------------	--------------------------------------	----------------	--------------------------	---------------------------	--	--

4. If the proposed financing will be evidenced by improvement bonds (special assessments), please attach the following:
 - a. A copy of the resolution or ordinance creating the improvement district (NDCC § 40-22-08).
 - b. A copy of the city auditor's certificate confirming the assessment list (NDCC § 40-23-16 or 40-23.1-10).
 - c. A copy of the city auditor's most recent certification of special assessments to the county auditor (NDCC § 40-24-12).
5. If the proposed financing utilizes evidences of indebtedness other than revenue bonds or improvement bonds, please attach copies of all relevant resolutions of the governing body with respect to the proposed project financing.
6. System usage by commercial and residential users (if applicable):

Number of Users

	<u>Current*</u>	<u>Projected**</u>
a. Residential	_____	_____
b. Commercial	_____	_____

*Current=actual as of the date of this application
 **Projected=following completion of construction

7. Ten largest users (as of _____, 20____):

Name	Usage (percent of total)	Revenue (most recent fiscal year)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

D. BONDED INDEBTEDNESS

1. Present Indebtedness. Please list or attach a debt service schedule for the existing debt of the political subdivision. **Be sure to include all general obligation debt, special assessment debt, revenue debt and lease obligations.** If you need more room for listing the requested information, please do so on a separate attachment. You may also reference the appropriate pages in your most recent annual financial statements included with this application.

Year Issued	Purpose	Type of Bond	Initial Amount	Outstanding Balance	Avg. Annual P&I Payment Amount	Final Maturity Date

Please list any available sinking funds already deposited and pledged to the payment of principal and interest on the outstanding obligations listed above.

Sinking Funds:

Issue Identified by
Date and Purpose

Sinking Fund
Amount

2. Anticipated Indebtedness. Please list on a separate attachment any known future indebtedness of any type, including lease financing, which the political subdivision intends to issue or incur in the next twenty-four months. Include in the description the type of debt, estimated amount and the final maturity.
3. Defaults. If the political subdivision has ever defaulted in the payment of principal or interest on any of its outstanding indebtedness, please attach a written description of the default and any corrective measures taken by the political subdivision.

E. ECONOMIC AND SOCIAL INFORMATION

1. Population of political subdivision:

2000 _____ 1990 _____ 1980 _____

2. School enrollment for the current school year and the past four school years, and projected for the next two years.

<u>School Year</u>	<u>Elementary</u>	<u>Junior High School</u>	<u>High School</u>	<u>Total</u>
_____ *	_____	_____	_____	_____
_____ *	_____	_____	_____	_____
_____ *	_____	_____	_____	_____
_____ *	_____	_____	_____	_____
_____ **	_____	_____	_____	_____
_____ ***	_____	_____	_____	_____
_____ ***	_____	_____	_____	_____

*Past four years

**Current year

***Projected next two years

3. List the three largest employers within the boundaries of the political subdivision, if such information is available.

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

4. Please list the number of:

Tax-paying residences: _____

Tax-paying businesses: _____

5. Please describe any significant changes concerning major employers within the boundaries of the political subdivision during the past twenty-four months and any reported future changes concerning existing or new major employers.

(The Bond Bank will obtain the following information from the county auditor)

F. TAX INFORMATION

1. Taxable valuations (current year and previous four years):

Year	Full and True Valuation	Taxable Valuation

2. Property tax levies and collections (current year and previous four years):

Levy Year	Dollar Amount Of Levy	Amount Collected as of _____, 20__	Percentage Collected

Have any of these figures been adjusted to take into account the discount allowed for the early payment of taxes? Yes _____ No _____

If yes, please describe the manner in which the figures have been adjusted:

3. Taxable valuation within the political subdivision:

Residential: \$ _____ Commercial: \$ _____
 Agricultural: \$ _____ Utilities: \$ _____

4. Please list the three largest taxpayers as determined by taxable valuation and their most recent valuation:

Name of Taxpayer	Type of Business	Taxable Valuation
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

5. Please list the number of tax-paying: residences_____ businesses_____

6. Special assessments certified for collection (current year and previous four years):

Year	Dollar Amount	Amount Collected to Date of Application	Percentage Collected

7. Political subdivision mill levies (current year and previous four years):

Fund	Current	Prev 1	Prev 2	Prev 3	Prev 4
Totals for each year					

8. Mill levy summaries. List or attach a document showing the total mill levy for the current year and the previous four years for the stated political subdivisions or authorities associated with your own. For your political subdivision the total will correspond to the totals listed under “Political subdivision mill levies” above in paragraph 7.

Year	City	School	Park District	State and County	Other	Total for Each Year